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**WASHINGTON PARISH SHERIFF**  
**Franklinton, Louisiana**

**Annual Financial Statements**  
**As of and for the Year Ended June 30, 2010**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11/5/11

**WASHINGTON PARISH SHERIFF**  
Franklinton, Louisiana  
Annual Financial Statements  
As of and for the Year Ended June 30, 2010

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**WASHINGTON PARISH SHERIFF**  
Franklinton, Louisiana

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CERTIFIED PUBLIC ACCOUNTANT, L.L.C.

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## INDEPENDENT AUDITOR'S REPORT

Honorable Robert J. Crowe  
Washington Parish Sheriff  
Franklinton, Louisiana

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Washington Parish Sheriff, as of and for the year ended June 30, 2010, which collectively comprise the Sheriff's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Washington Parish Sheriff's management. My responsibility is to express an opinion on these financial statements based on my audit.

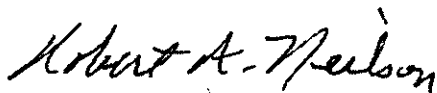
I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Washington Parish Sheriff as of June 30, 2010, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 30, 2010 on my consideration of the Washington Parish Sheriff's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing

of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3-8), budgetary comparison information (page 36) and schedule of funding progress (page 37) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.



Certified Public Accountant

Bogalusa, Louisiana  
December 30, 2010

**REQUIRED SUPPLEMENTAL INFORMATION**  
**PART I**

**WASHINGTON PARISH SHERIFF  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2010**

This section of the annual financial report presents our discussion and analysis of the Sheriff's financial performance during the year ended June 30, 2010. Please read it in conjunction with the financial statements and the accompanying notes to those financial statements.

**FINANCIAL HIGHLIGHTS**

- The Sheriff's liabilities exceeded its assets by \$1,086,336 at June 30, 2010 and liabilities exceeded assets by \$734,786 at June 30, 2009.
- Revenue decreased approximately 3% primarily due to an decrease in sales tax and service revenues.
- Expenses decreased approximately 11% primarily due to an decrease in salary and related benefits in addition to material and supplies expense and the closure of the work release facility.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Sheriff's financial statements. The Sheriff's financial statements include: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information and other supplementary information in addition to the basic financial statements.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Sheriff's finances in a manner similar to private sector business. They present the financial picture of the Sheriff from an economic resources measurement focus using the accrual basis of accounting.

The statement of net assets presents information on all the Sheriff's assets and liabilities, with the difference between the two reported as net assets. Increases or decreases in net assets should serve as a useful indicator of whether the financial position of the Sheriff is improving or deteriorating.

The statement of activities presents information showing how net assets changed during the fiscal year using full accrual basis accounting. All revenues and expenses are reported in this statement regardless of when cash is received or paid.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Sheriff, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Sheriff has two types of funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. The governmental fund statements provide a short-term view of the Sheriff's general government operations. The Sheriff uses one governmental fund, the general fund, to account for its operations.

**Fiduciary funds.** Fiduciary funds are used to report taxes, fines, and fees collected for other taxing bodies located in our parish, deposits pending court action, and the individual prison inmate accounts. These activities are excluded from the government-wide statements because the Sheriff cannot use these assets to finance its operations.

**Notes to the basic financial statements.** The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The Sheriff's net assets at June 30, 2010 and 2009 are summarized below.

	<u>2010</u>	<u>2009</u>
Current and other assets	\$1,296,277	\$ 589,011
Capital assets (net of accumulated depreciation)	<u>736,448</u>	<u>931,352</u>
Total assets	<u>\$2,032,725</u>	<u>\$ 1,520,363</u>
Current and other liabilities	\$ 488,254	\$ 764,332
Long-term liabilities		
Due within one year	2,515,933	500,000
Due in more than one year	<u>114,874</u>	<u>990,817</u>
Total liabilities	<u>3,119,061</u>	<u>2,255,149</u>
Net Assets:		
Invested in capital assets, net of related debt	736,448	931,352
Unrestricted	<u>(1,822,784)</u>	<u>(1,666,138)</u>
Total net assets	<u>\$(1,086,336)</u>	<u>\$ ( 734,786)</u>



Receivables are 16% and 39% of total assets at June 30, 2010 and 2009, respectively. Capital assets, net of accumulated depreciation are 36% and 61% of total assets at June 30, 2010 and 2009, respectively. Capital assets are non-liquid assets and cannot be utilized to satisfy the Sheriff's obligations.

Governmental activities decreased net assets by \$352,050 and \$935,512 in the years ended June 30, 2010 and 2009, respectively. A condensed Statement of Activities is presented below.

Revenues:	<u>2010</u>	<u>2009</u>
Program:		
Charges for services/fines	\$1,312,381	\$1,426,125
Operating grants and contributions	389,613	265,396
Capital grants and contributions	158,881	248,200
General:		
Property taxes	1,634,668	1,558,903
Sales and use taxes	2,043,546	2,178,589
State Revenue Sharing	134,654	134,652
Interest	18,350	745
Miscellaneous	<u>80,855</u>	<u>122,573</u>
Total revenues	<u>5,772,948</u>	<u>5,935,183</u>
Program expenses:		
Public Safety	<u>6,124,998</u>	<u>6,870,695</u>
Total expenses	<u>6,124,998</u>	<u>6,870,695</u>
Change in net assets	(352,050)	( 935,512)
Net assets-beginning	<u>(734,786)</u>	<u>200,726</u>
Net assets-ending	<u>\$1,086,836</u>	<u>\$ ( 734,786)</u>

## FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The Sheriff is heavily reliant on property taxes and sales taxes to support its operations. Property taxes provided 28% of the Sheriff's total revenues, sales taxes provided 35%, and program revenues provided for 32% of governmental expenses.

The Washington Parish Sales/Use Tax Centralization Commission voted to renew the Sales tax collection contract with the Sheriff's office. The contract was signed July 1, 2004, and renewed July 1, 2009, giving the Sheriff's office a 5-year renewal for sales and use tax collections. This allows the Sheriff to receive a commission of 1.5% of sales tax collections.

The anticipated revenue stream from this commission is in excess of \$200,000 per year. The Sheriff is responsible for all tax collections as well as the performance of sales and use tax audits. The aggressive collection of sales tax is a benefit for all parish agencies.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The budget was prepared in accordance with the provisions of the Local Government Budget Act. The budget was amended twice during the year.

The following are significant variations between the budget and actual amounts.

1. Actual total revenues and other financing sources exceeded budgeted total revenues and other financing sources by \$1,003,655.
2. Total actual expenditures were more than total budgeted expenditures by \$20,310 (.35% of total budgeted expenditures).

## **CAPITAL ASSETS**

**Capital Assets.** The following summarizes the Sheriff's investment in capital assets at June 30, 2010 and 2009.

	<u>2010</u>	<u>2009</u>
Capital assets	\$2,287,554	\$2,200,721
Less accumulated depreciation	<u>(1,551,106)</u>	<u>(1,268,868)</u>
Capital assets, net	<u>\$ 736,448</u>	<u>\$ 931,853</u>

The Sheriff purchased capital assets of \$158,881 and \$338,986 in 2010 and 2009, respectively.

## **LONG-TERM LIABILITIES**

**Long-Term Liabilities.** Subsequent to Hurricane Katrina, Washington Parish was declared eligible for Community Disaster Loans from the U.S. Department of Homeland Security. Accordingly, the Sheriff's office was extended a line of credit in the amount of \$1,172,000. The purpose of the loan was to cover any additional costs the Sheriff's office may incur in respect to the storm and also in anticipation of any loss of revenue. The interest rate of the loan is 2.76% and the principal and all accrued interest is due on February 6, 2011.

On February 28, 2006, the Sheriff's office borrowed \$610,000 against the line of credit and \$300,000 on July 7, 2006 totally \$910,000 of principal outstanding as of June 30, 2010. Outstanding accrued interest was \$105,933. There are no current plans to make any additional draws on the line of credit.

Senator Mary Landrieu requested the United States Attorney General, the honorable Eric Holder, to review the Federal Emergency Management Agency's regulations and procedures for evaluating loan cancellation and repayment requests from local governments that received Special Community Disaster Loans (SCDLs) after Hurricane Katrina and Hurricane Rita. This will allow the Sheriff's office to apply for cancellation of these loan obligations.

The following summarizes the long-term liability activity during the year ended June 30, 2010.

	Balance 06/30/09	Additions	Payments	Balance 06/30/10
FEMA Disaster Loan	\$990,817	\$ 25,116	\$ -	\$1,015,933
Total	<u>\$990,817</u>	<u>\$ 25,116</u>	<u>\$ -</u>	<u>\$1,015,933</u>

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The national economy has experienced a significant decline over the past three years, which is directly related to the decline in the economy of Washington Parish. However, we are finally beginning to experience a slight economic recovery that has reflected in sales tax remaining fairly constant rather than declining. We anticipate as the national economy begins to improve, as will the economy of Washington Parish thereby increasing both sales and ad valorem tax revenues.

The Sheriff's office is experiencing a decline in revenues received for the feeding and maintaining of state prisoners. Due to overcrowding in the jail, the number of state prisoners that we house has significantly reduced. The Sheriff is working with local governments to provide a remedy to this situation.

Grant funding is continuously pursued in order to allow the Sheriff's office to acquire much needed supplies and services for Washington Parish.

Finally, the Sheriff's office has made the necessary expense reductions in order to pay down the line of credit loan within the next three fiscal years.

All items noted above were taken into account when adopting the general Fund Budget for 2010-2011.

## **FUND BALANCE**

The negative fund balance of (\$1,086,336) reflected on the 2009-2010 financial statements is composed of non cash flow related items such as depreciation expense and the new GASB 45 OPEB obligation which total approximately \$468,000. Additionally, due to the failing of the proposed sales tax increase in October 2009, several cuts were made to reduce expenditures. However, these cuts did not begin to impact the financial statements until December 2009, therefore continuing to impact the 2009-2010 fiscal year. The negative fund balance should continue to be rectified on the 2010-2011 financial statements. The financial statements are being reviewed on a monthly basis and the Sheriff is prepared to make additional cuts as they become necessary.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Sheriff's finances and to demonstrate the Sheriff's accountability for the money it receives. If you have questions about this report or need additional information, contact Mechelle Galloway, CFO, 1002 Main Street, Franklinton, LA 70438.

## **BASIC FINANCIAL STATEMENTS**

**WASHINGTON PARISH SHERIFF**  
Franklinton, Louisiana  
Statement of Net Assets  
June 30, 2010

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 947,643
Receivables	321,281
Due from other funds	27,353
Capital assets, net of accumulated depreciation	<u>736,448</u>
<b>Total Assets</b>	<u><b>2,032,725</b></u>
 <b>LIABILITIES</b>	
Accounts payable	\$ 174,468
Salaries and benefits payable	83,258
Accrued annual leave	110,853
Deferred revenue	117,633
Due to other funds	1,292
Due to others	750
Long-Term Liabilities:	
Due Within One Year	
Note payable	1,500,000
FEMA loan payable	1,015,933
Due In More Than One Year	
Net OPEB obligation	<u>114,874</u>
<b>Total Liabilities</b>	<u><b>3,119,061</b></u>
 <b>NET ASSETS</b>	
Invested in capital assets, net of related debt	736,448
Unrestricted	<u>(1,822,784)</u>
<b>Total Net Assets</b>	<u><b>\$ (1,086,336)</b></u>

The accompanying notes are an integral part of this financial statement.

**WASHINGTON PARISH SHERIFF**  
Franklinton, Louisiana  
Statement of Activities  
For the Year Ended June 30, 2010

	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets
	Expenses	Fees, Fines, & Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Governmental activities:				
Public Safety	\$6,124,998	\$ 1,312,381	\$ 389,613	\$ 158,881
Total	<u>\$6,124,998</u>	<u>\$ 1,312,381</u>	<u>\$ 389,613</u>	<u>\$ 158,881</u>
General Revenues				
Taxes:				
Property taxes, levied for general purposes				1,634,668
Sales and use taxes levied for special purposes				2,043,546
State revenue sharing				134,654
Interest				18,350
Other revenues				80,855
Total general revenues				<u>3,912,073</u>
Change in net assets				(352,050)
Net assets-beginning				<u>(734,786)</u>
Net assets-ending				<u>\$ (1,086,836)</u>

The accompanying notes are an integral part of this financial statement.

**WASHINGTON PARISH SHERIFF**

Franklinton, Louisiana

**Balance Sheet**

Governmental Funds

June 30, 2010

	General Fund	Other Governmental Funds	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 927,455	\$ 20,188	\$ 947,643
Receivables	321,281	0	321,281
Due from other funds	45,299	0	45,299
<b>Total Assets</b>	<u>\$ 1,294,035</u>	<u>\$ 20,188</u>	<u>\$ 1,314,223</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 172,452	\$ 2,016	\$ 174,468
Salaries and benefits payable	83,258		83,258
Deferred revenue	117,633		117,633
Due to other funds	1,292	17,946	19,238
Due to others	750		750
Accrued vacation leave	110,853		110,853
<b>Total Liabilities</b>	<u>486,238</u>	<u>19,962</u>	<u>506,200</u>
<b>Fund Balance:</b>			
Unreserved	807,797	226	808,023
<b>Total Fund Balance</b>	<u>807,797</u>	<u>226</u>	<u>808,023</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 1,294,035</u>	<u>\$ 20,188</u>	

Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the fund financial statements. 736,448

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. (2,630,807)

Net assets of governmental activities. \$ (1,086,336)

The accompanying notes are an integral part of this financial statement.



**WASHINGTON PARISH SHERIFF**  
Franklinton, Louisiana  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Funds  
For the Year Ended June 30, 2010

	General Fund	Other Governmental Funds	Total
<b>REVENUES</b>			
Ad valorem taxes	\$1,634,668	\$	\$1,634,668
Sales Taxes	2,043,546		2,043,546
Intergovernmental revenues:			
Federal Grants	227,026	3,885	230,911
State Grants	49,475		49,475
State revenue sharing	134,654		134,654
State supplemental pay	268,108		268,108
Fees, charges and commissions for services:			
Commissions	492,769		492,769
Civil and criminal fees	219,169	14,870	234,039
Feeding and keeping prisoners	585,573		585,573
Insurance proceeds	18,461		18,461
Interest	18,350		18,350
Other revenues	42,609	1,295	43,904
<b>Total Revenues</b>	<u>5,734,408</u>	<u>20,050</u>	<u>5,754,458</u>
<b>EXPENDITURES</b>			
Public Safety:			
Personal services	4,049,606	5,180	4,054,786
Materials and supplies	796,625	5,795	802,420
Feeding and keeping prisoners	351,143		351,143
Work Release	1,091		1,091
Grant expenses	126,361		126,361
Contractual services	197,749		197,749
Continuing education	7,729		7,729
Other	10,222	9,075	19,297
Interest	1,755		1,755
Debt service;			
Principal	0		0
Interest	68,391		68,391
Capital outlay	158,881		158,881
<b>Total Expenditures</b>	<u>5,769,553</u>	<u>20,050</u>	<u>5,789,603</u>

The accompanying notes are an integral part of this financial statement.

**WASHINGTON PARISH SHERIFF**  
Franklinton, Louisiana  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Governmental Funds  
For the Year ended June 30, 2010  
(continued)

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	\$ ( 35,145)	\$ 0	\$ ( 35,145)
<b>Other Financing Sources (Uses)</b>			
Sale of surplus equipment	18,490		18,490
Line of credit proceeds	<u>1,000,000</u>		<u>1,000,000</u>
Total other financing sources	<u>1,018,490</u>	<u>0</u>	<u>1,018,490</u>
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures</b>	983,345	0	983,345
<b>Fund balances-beginning</b>	<u>(175,548)</u>	<u>226</u>	<u>(175,322)</u>
<b>Fund balances-ending</b>	<u>\$ 807,797</u>	<u>\$ 226</u>	<u>\$ 808,023</u>

The accompanying notes are an integral part of this financial statement.

**WASHINGTON PARISH SHERIFF**  
Franklinton, Louisiana  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balance to the Statement of Activities  
Governmental Funds  
For the Year ended June 30, 2010

Net change in fund balances – total governmental funds	\$ 983,345
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (354,286) exceeded capital outlays (158,881) in the current period.	( 195,405)
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In the statement of activities, only the <i>gain</i> on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. In the current period there was no difference between the gain on the sale of capital assets and the proceeds from the sale of capital assets	0
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Long-term borrowing provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of long-term principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.	<u>(1,139,990)</u>
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Change in net assets of government activities	<u>\$ ( 352,050)</u>
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The accompanying notes are an integral part of this financial statement.

**WASHINGTON PARISH SHERIFF**  
Franklinton, Louisiana  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2010

<b>ASSETS</b>	Agency Funds
Cash	\$ 2,040,993
Accounts Receivable	<u>1,722,825</u>
 Total Assets	 <u><u>\$ 3,763,818</u></u>
 <b>LIABILITIES</b>	
Liabilities:	
Due to other taxing bodies	\$ 1,922,125
Held for others pending court action	1,744,684
Held for inmates	15,919
Due to others	<u>81,090</u>
 Total Liabilities	 <u><u>\$ 3,763,818</u></u>

The accompanying notes are an integral part of this financial statement.

## **NOTES TO THE FINANCIAL STATEMENTS**

**WASHINGTON PARISH SHERIFF**  
Franklinton, Louisiana  
Notes to the Financial Statements  
As of and for the Year Ended June 30, 2010

**INTRODUCTION**

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the Sheriff serves a four-year term as the chief executive officer of the law enforcement district and ex-officio tax collector of the parish. The Sheriff administers the parish jail system and exercises duties required by the parish court system, such as providing bailiffs, executing orders of the court, and serving subpoenas.

As the chief law enforcement officer of the parish, the Sheriff has the responsibility of enforcing state and local laws and ordinances within the territorial boundaries of the parish. The Sheriff provides protection to the residents of the parish through on-site patrols and investigations and serves the residents of the parish through the establishment of neighborhood watch programs, anti-drug abuse programs, et cetera. In addition, when requested, the Sheriff provides assistance to other law enforcement agencies within the parish.

As the ex-officio tax collector of the parish, the Sheriff is responsible for collecting and distributing ad valorem property taxes, state revenue sharing funds, sporting licenses, and fines, costs, and bond forfeitures imposed by the district court. The Sheriff is also contracted to be the sole tax collector for the collection and distribution of sales tax throughout the parish.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Sheriff is an independently elected official. The Washington Parish Government has determined that the Sheriff is not a component unit of Parish Government utilizing criteria established by GASB Statement 14.

The accompanying financial statements present information only on the funds maintained by the Sheriff and do not present information on the Washington Parish Government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

**WASHINGTON PARISH SHERIFF**  
Franklinton, Louisiana  
Notes to the Financial Statements (continued)

**B. Basis of Presentation**

The accompanying basic financial statements of the Washington Parish Sheriff have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, issued in June 1999.

*Government-Wide Financial Statements (GWFS)*

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Sheriff. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

*Fund Financial Statements (FFS)*

The Sheriff uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Sheriff functions and activities. A fund is defined as a separate fiscal and

## **WASHINGTON PARISH SHERIFF**

Franklinton, Louisiana

Notes to the Financial Statements (continued)

accounting entity with a self-balancing set of accounts. The various funds of the Sheriff are classified into two categories: governmental and fiduciary. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Sheriff or its total assets, liabilities, revenues, or expenditures of the individual governmental funds is at least ten percent of the corresponding total for all governmental funds.

The Sheriff reports the following major governmental fund:

The General Fund is the primary operating fund of the Sheriff. It accounts for all the financial resources except those that are required to be accounted for in other funds.

Fiduciary fund reporting focuses on net assets and changes in net assets. The only funds accounted for in this category by the Sheriff are agency funds. The agency funds account for assets held by the Sheriff as an agent for various taxing bodies (tax collections) and for deposits held pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement focus, but use the modified accrual basis of accounting.

### **C. Measurement of Focus/Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as well as, the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Sales taxes are recognized in the month the sale occurs. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough



**WASHINGTON PARISH SHERIFF**

Franklinton, Louisiana

**Notes to the Financial Statements (continued)**

thereafter to pay liabilities of the current period. For this purpose, the Sheriff considers revenues to be available if they are collected within 120 days of the end of the current fiscal period. Expenditures, generally, are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

**D. Budget Practices**

Proposed budgets, prepared on the modified accrual basis of accounting, are published in the official journal at least 10 days prior to the public hearing. Public hearings are held at the Sheriff's office during the month of June for comments from taxpayers. The budgets are then legally adopted by the Sheriff and amended during the year, as necessary.

Neither encumbrance accounting nor formal integration of the budget into the accounting records is employed as a management control device. However, periodic comparisons of budget and actual amounts are made. Budget amounts included in the accompanying financial statements include the original adopted budget and the final budget.

**E. Cash and Cash Equivalents**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Under state law, the Sheriff may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States. Tax collections must be deposited in a bank domiciled in the parish where the funds were collected.

**F. Investments**

Under Louisiana Revised Statute (R.S.) 33:2955, the Sheriff may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Under this definition the Sheriff does not have any investments.

**WASHINGTON PARISH SHERIFF**

Franklinton, Louisiana

Notes to the Financial Statements (continued)

**G. Capital Assets**

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Sheriff maintains a threshold level of \$2,500 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Assets and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Vehicles	5 years
Buildings	40 years
Building Improvements	10 years
Furniture and equipment	5 years
Other capital assets	5 years

**H. Compensated Absences**

The Sheriff adopted the following policy regarding annual and sick leave effective July 1, 2008:

Annual leave: accumulates, with exceptions, up to a limit of 480 hours carried forward annually; is paid upon termination; and accrues as follows (assuming 80 hour pay period):

- Less than 3 years of service - 12 days
- 3 – 5 years of service - 15 days
- 5 – 10 years of service - 18 days
- 10 – 15 years of service - 21 days
- 15 or more years of service - 24 days

## **WASHINGTON PARISH SHERIFF**

Franklinton, Louisiana

Notes to the Financial Statements (continued)

Sick leave: accumulates, with exceptions, carried forward annually without limitations; is NOT paid upon termination; and accrues at the same rate as noted above for annual leave.

### **I. Interfund Transactions**

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transactions are reported as transfers.

### **J. Sales Taxes**

On October 3, 1992, the voters of Washington Parish approved (for an indefinite period) a ½ percent sales tax to be effective January 1, 1993. Beginning July 1, 1996, the Sheriff began collecting the tax as the central sales tax collection agency for Washington Parish. The net proceeds of the tax were rededicated on November 13, 2005 to the following exclusive uses:

- Sixty (60) percent to the salaries of criminal law enforcement deputies.
- Twenty (20) percent to the support of criminal law enforcement deputies, including the hiring and training of additional criminal law enforcement personnel, consisting of criminal patrol deputies, juvenile officers, burglary and narcotics detectives.
- Twenty (20) percent to the purchase, maintenance and support of law enforcement vehicles and equipment.

### **K. Ad Valorem Taxes**

The following is a summary of authorized and levied ad valorem taxes.

	Levied <u>Millage</u>	Expiration <u>Date</u>
General Operations	10.96	Indefinite

**WASHINGTON PARISH SHERIFF**  
Franklinton, Louisiana  
Notes to the Financial Statements (continued)

**L. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**2. CASH AND CASH EQUIVALENTS**

At June 30, 2010, the Sheriff had cash and cash equivalents (book balance) totaling \$947,643 as follows:

Petty Cash	\$ 302
Demand deposits	<u>947,341</u>
	<u>\$947,643</u>

Cash consists of the following:

Unrestricted Cash	802,032
Restricted Cash	<u>145,611</u>
Total	<u>\$947,643</u>

At June 30, 2010, the Sheriff maintained a cash balance of \$2,040,993 in the agency funds, which are not reflected in the Statement of Net Assets. These deposits are stated at cost, which approximates market.

Under state law, all deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank.

**3. CUSTODIAL CREDIT RISK**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At June 30, 2010, the Sheriff has \$2,988,334 in deposits (collected) bank balances. These deposits are secured from risk by \$806,646 of federal deposit insurance and \$4,517,962 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

**WASHINGTON PARISH SHERIFF**

Franklinton, Louisiana

Notes to the Financial Statements (continued)

**4. RECEIVABLES**

The receivables of \$321,281 at June 30, 2010 are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Sales tax	\$ 188,113	\$	\$ 188,113
Parish government prisoner feeding	111,601		111,601
Miscellaneous	<u>21,567</u>	<u></u>	<u>21,567</u>
Total	<u>\$ 321,281</u>	<u>0</u>	<u>\$ 321,281</u>

**5. INTERFUND RECEIVABLES/PAYABLES**

Individual balances due from/to other funds at June 30, 2010 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 17,946	\$
Special Revenue Funds: Drug Task Force	<u></u>	<u>17,946</u>
Total	<u>\$ 17,946</u>	<u>\$ 17,946</u>

**WASHINGTON PARISH SHERIFF**

Franklinton, Louisiana

Notes to the Financial Statements (continued)

**6. CAPITAL ASSETS**

A summary of the capital asset and accumulated depreciation activity and the current year depreciation follows:

	Balance 06/30/09	Increases	Decreases	Balance 06/30/10
Governmental activities:				
Capital assets not depreciated:				
Land	\$50,000	\$ 0	\$ 0	\$ 50,000
Total capital assets not depreciated	50,000	0	0	50,000
Capital assets being depreciated				
Vehicles	890,858	114,327	72,048	933,137
Buildings	186,747	0	0	186,747
Furniture and equipment	193,232	44,554	0	237,786
Other capital assets	879,884	0	0	879,884
Total capital assets being depreciated	<u>2,150,721</u>	<u>158,881</u>	<u>72,048</u>	<u>2,237,554</u>
Less accumulated depreciation for:				
Vehicles	( 579,868)	(170,187)	(72,048)	( 678,007)
Buildings	( 28,478)	( 9,494)	0	( 37,972)
Furniture and equipment	( 120,717)	( 31,331)	0	( 152,048)
Other capital assets	<u>( 539,805)</u>	<u>(143,274)</u>	<u>0</u>	<u>( 683,079)</u>
Total accumulated depreciation	<u>(1,268,868)</u>	<u>(354,286)</u>	<u>(72,048)</u>	<u>(1,551,106)</u>
Capital assets, net	<u>\$ 931,853</u>	<u>\$ (195,405)</u>	<u>\$ ( 0)</u>	<u>\$ 736,448</u>

For the year ended June 30, 2010, depreciation expense was \$354,286.

**7. PENSION PLAN**

*Plan Description.* Substantially all employees of the Washington Parish Sheriff's office are members of the Sheriff's Pension and Relief Fund (System), a cost-sharing, multiple-employer public employee retirement system (PERS), controlled and administered by a separate board of trustees.

## **WASHINGTON PARISH SHERIFF**

Franklinton, Louisiana

Notes to the Financial Statements (continued)

All Sheriffs, all deputies, and non-deputized employees who are found to be physically fit and 18 years of age or older, who earn at least \$400 per month, if employed after September 7, 1979 and before January 1, 1991, \$550 per month, if employed between January 1, 1991 and December 31, 1999, or \$800 per month if employed after January 1, 2000 are required to participate in the System. Benefits are computed at 3 1/3% for each year of creditable service, including purchased military or prior service. Members are eligible to retire at or after age 55 with at least 12 years of credited service. Members with 20 or more years of service are eligible for an actuarially reduced benefit at age 50. In any case, the retirement benefit cannot exceed 100% of their final average salary. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Sheriff's Pension and Relief Fund, 1225 Nicholson Drive, Baton Rouge, LA 70802, or by calling (225) 219-0521.

*Funding Policy.* Plan members are required by state statute to contribute 10% of their annual covered salary and the Sheriff is required to contribute at an actuarially determined rate. The current rate is 11% of annual covered payroll, which increased to 12% at July 1, 2010. Contributions to the System also include one-half of one percent of the taxes shown to be collectible by the tax rolls of each parish and funds as required and available from insurance premium taxes. The contribution requirements of plan members and the Sheriff are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Sheriff's contributions to the System for the years ending June 30, 2010, 2009, 2008 were \$297,380 \$395,935, and \$409,372, respectively, equal to the required contributions for each year.

### **8. POST-EMPLOYMENT BENEFITS**

**Plan Description.** The Washington Parish Sheriff's medical and life insurance benefits are provided to employees upon actual retirement.

## **WASHINGTON PARISH SHERIFF**

Franklinton, Louisiana

Notes to the Financial Statements (continued)

The employer pays 100% of the medical coverage for the retiree (not dependents). See the sections below for details on Life Insurance benefits. Employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age or, age 55 and 15 years of service.

Life insurance coverage is continued to retirees and the blended rate for active employees and retirees is \$0.348 per \$1,000 of insurance. The employer pays 100% of the cost of the first \$10,000 of life insurance after retirement. The retiree may elect to continue additional voluntary insurance amounts in force at time of retirement, subject to an age-related reduction formula (reducing to 75% at age 65 and 50% at age 70. The retiree pays for the additional voluntary insurance but both that cost and the employer cost are based on the blended active/retired rate and there is thus an implied subsidy. Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance. We have assumed that 60% of currently active employees will elect to continue the voluntary additional life insurance after retirement.

**Contribution Rates.** Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

**Funding Policy.** Until 2009, the Washington Parish Sheriff recognized the cost of providing post-employment medical and life benefits (Washington Parish Sheriff's portion of the retiree medical and life benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2009/2010, the Washington Parish Sheriff's portion of health care funding cost for retired employees totaled \$93,561, and the life insurance totaled \$8,724.

Effective with the Fiscal Year beginning July 1, 2009, the Washington Parish Sheriff implemented Government Accounting Standards Board Statement Number 45, Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions (GASB 45).



**WASHINGTON PARISH SHERIFF**

Franklinton, Louisiana

Notes to Financial Statements (continued)

**Annual Required Contribution.** The Washington Parish Sheriff's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, closed amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for the fiscal year beginning July 1, 2009 is \$189,581 for medical, and \$27,578 for life, as set forth below:

	Medical	Life
Normal Cost	\$ 55,801	\$ 6,170
30-year UAL amortization amount	<u>133,780</u>	<u>21,408</u>
Annual required contribution (ARC)	<u>\$189,581</u>	<u>\$27,578</u>

**Net Post-Employment Benefit Obligation (Asset).** The table below shows the Washington Parish Sheriff's Net Other Post-Employment Benefit (OPEB) Obligation (Asset) for fiscal year ending June 30, 2010:

	Medical	Life
Beginning Net OPEB		
Obligation (Asset) 7/1/2009	\$ 0	\$ 0
Annual required contribution	189,581	27,578
Interest on Net OPEB		
Obligation (Asset)	0	0
ARC Adjustment	<u>0</u>	<u>0</u>
OPEB Cost	189,581	27,578
Contribution	0	0
Current year retiree premium	<u>(93,561)</u>	<u>( 8,724)</u>
Change in Net OPEB		
Obligation	96,020	18,854
Ending Net OPEB Obligation		
(Asset) 6/30/2010	<u>\$ 96,020</u>	<u>\$ 18,854</u>

**WASHINGTON PARISH SHERIFF**

Franklinton, Louisiana

**Notes to Financial Statements (continued)**

The following table shows the Washington Parish Sheriff's annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability (asset):

<b>Post Employment Benefit</b>	<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual Cost Contributed</b>	<b>Net OPEB Obligation (Asset)</b>
Medical	June 30, 2010	\$189,581	49.35%	\$96,020
Life	June 30, 2010	\$27,578	31.63%	\$18,854

**Funded Status and Funding Progress.** In the fiscal year ending June 30, 2010, the Washington Parish Sheriff made no contributions to its post employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. As of July 1, 2009, the first and most recent actuarial valuation, the Actuarial Accrued Liability (AAL) was \$2,313,338 (medical) and \$370,224 (life), which is defined as that portion, as determined by a particular actuarial cost method (the Washington Parish Sheriff uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost. Since the plan was not funded in fiscal year 2009/2010, the entire actuarial accrued liability of \$2,313,338 (medical) and \$370,224 (life) was unfunded.

	<b>Medical</b>	<b>Life</b>
Actuarial Accrued Liability (AAL)	2,313,338	370,224
Actuarial Value of Plan Assets	0	0
Unfunded Act. Accrued Liability (UAAL)	2,313,338	370,224
Funded Ratio (Act. Val. Assets/AAL)	0%	0%
Covered Payroll (active plan members)	2,646,958	2,646,958
UAAL as a percentage of covered payroll	87.40%	13.99%

**Actuarial Methods and Assumptions.** Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to

**WASHINGTON PARISH SHERIFF**  
Franklinton, Louisiana  
Notes to Financial Statements (continued)

which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the Washington Parish Sheriff and employee plan members) at the time of the valuation and on the pattern of sharing costs between the Washington Parish Sheriff and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Washington Parish Sheriff and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

**Actuarial Cost Method.** The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

**Actuarial Value of Plan Assets.** Since this is the first actuarial valuation, there are not any assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45 will be used.

**Turnover Rate.** An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 10%. The rates for each age are below:

<u>Age</u>	<u>Percent Turnover</u>
18 - 25	20.0%
26 - 40	12.0%
41 - 54	8.0%
55+	5.0%

## **WASHINGTON PARISH SHERIFF**

Franklinton, Louisiana

### **Notes to Financial Statements (continued)**

In addition to the age-specific turnover, an additional turnover of 50% has been applied to employees with less than three years of service

**Post Employment Benefit Plan Eligibility Requirements.** Historically, most employees have not retired until 20 to 25 years of service. We have therefore assumed that employees retire three years after the earliest of the following: 30 years of service at any age; age 55 and 25 years of service; or, age 60 and 15 years of service. The three years is to accommodate the D.R.O.P. period. Medical benefits are provided to employees upon actual retirement. Entitlement to benefits continue through Medicare to death.

**Investment Return Assumption (Discount Rate).** GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits. Since the ARC is not currently being funded and not expected to be funded in the near future, we have performed this valuation using a 4% annual investment return assumption.

**Health Care Cost Trend Rate.** The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services as published in National Health Care Expenditures Projections: 2003 to 2013, Table 3: National Health

Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in January, 2004 by the Health Care Financing Administration ([www.cms.hhs.gov](http://www.cms.hhs.gov)). "State and Local" rates for 2008 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later.

**Mortality Rate.** The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is a published mortality table which was designed to be used in determining the value of accrued benefits in defined benefit pension plans. Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table described above to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance.

## **WASHINGTON PARISH SHERIFF**

Franklinton, Louisiana

Notes to the Financial Statements (continued)

**Method of Determining Value of Benefits.** The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays 100% of the cost of the medical benefits for the retiree only (not dependents). The medical rates provided are "blended" rates for active and retired employees before Medicare eligibility. We have therefore estimated the "unblended" rates as required by GASB 45 for valuation purposes to be 130% of the blended rates prior to Medicare eligibility. The unblended rates applicable after Medicare eligibility have been used.

### **9. FEMA DISASTER LOAN**

Subsequent to Hurricane Katrina, Washington Parish was declared eligible for Community Disaster Loans from the U.S. Department of Homeland Security. Accordingly, The Sheriff was extended a line of credit in the amount of \$1,172,000. The purpose of the loan was to cover any additional costs the Sheriff may incur in respect to the storm and also in anticipation of any loss of revenue. The interest rate of the loan is 2.76% and the principal and all accrued interest is due on February 6, 2011.

On February 28, 2006, the Sheriff borrowed \$610,000 against the line of credit and \$300,000 on July 7, 2006 totaling \$910,000 of principal outstanding as of June 30, 2009. Total amount outstanding, including interest, as of June 30, 2010 was \$1,015,933.

The Federal Emergency Management Agency (FEMA) enacted an amendment to its Special Community Disaster Loan (CDL) regulations to include loan forgiveness procedures and requirements for this disaster loan. As such the Sheriff applied for forgiveness of the entire loan and related interest. No final decision has been made by FEMA on this issue. Additionally, representatives at the Sheriff's Office have met and are working with Senator Landrieu's and the United States Attorney General's Office to get clarity to the law and possible amendments that would allow the Sheriff relief from this debt.

**WASHINGTON PARISH SHERIFF**  
Franklinton, Louisiana  
Notes to the Financial Statements (continued)

**10. LONG-TERM OBLIGATIONS**

The following is a summary of the long-term obligation transactions for the year ended June 30, 2010:

	Line of Credit	FEMA Disaster Loan	Net OPEB Obligation	Total
Amount owed 06/30/09	\$ 500,000	\$ 990,817	\$	\$ 1,490,817
Additions	1,000,000	25,116	114,874	1,139,990
Deletions	0	0	0	0
Amount owed 06/30/10	<u>\$ 1,500,000</u>	<u>\$ 1,015,933</u>	<u>\$114,874</u>	<u>\$ 2,630,807</u>

The Sheriff uses a \$1,500,000 revolving line of credit at 6% per annum interest rate with a local bank to finance general operations during periods of uneven ad valorem and sales tax collection. The line of credit is collateralized by a continuing security interest in all deposits of the Sheriff (excepting fiduciary fund deposits) at the bank. The amount outstanding under the line of credit fluctuated during the year, but did not exceed \$1,410,000 at any time during the year. The line of credit had an initial maturity date of June 30, 2010 which was renewed with a repayment agreement of three installments of \$500,000 due June 30, 2011, 2012 and 2013.

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions payable as of June 30, 2010:

	Line of Credit	Disaster Loan	Net OPEB Obligation	Total
Current portion	\$1,500,000	\$ 1,015,933	\$	\$ 2,515,933
Long-term portion	0	0	114,874	0
Total	<u>\$1,500,000</u>	<u>\$ 1,015,933</u>	<u>\$114,874</u>	<u>\$ 2,630,807</u>

**11. OPERATING LEASES**

The Sheriff leases office space for the motor pool and investigation facilities and equipment sites under operating leases. The equipment site lease is non-cancellable. Total expenditures for these leases for the year ended June 30, 2010 were \$27,241.

**WASHINGTON PARISH SHERIFF**

Franklinton, Louisiana

**Notes to the Financial Statements (continued)**

Future minimum rental payments are required under operating leases that have non-cancelable lease terms in excess of one year are as follows:

	Equipment Site	Total
June 30, 2011	\$ 5,400	\$ 5,400
June 30, 2012	5,400	5,400
June 30, 2013	5,400	5,400
Total	<u>\$ 16,200</u>	<u>\$ 16,200</u>

**12. JOINT VENTURE**

The Sheriff of Washington Parish together with the City of Bogalusa Police Department comprise the Washington Parish Drug Task Force, which was created to combat drug problems in their joint jurisdictions. The operations of the task force are funded by federal grants from the United States Department of Justice through the Louisiana Commission on Law Enforcement and Administration of Criminal Justice, together with contributions from the two law enforcement agencies.

**13. EXPENDITURES OF THE SHERIFF'S OFFICE PAID BY THE PARISH COUNCIL**

The Sheriff's office occupies various facilities owned by the Parish. The cost of maintaining and operating these facilities, as required by Louisiana Revised Statute 33:4715, is paid by the Washington Parish Council.

**14. RISK MANAGEMENT**

The Sheriff is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, injuries to employees, and natural disasters. To handle such risk of loss, the Sheriff maintains commercial insurance coverage, automobile liability, medical payments, uninsured motorist, and surety bond coverage. The Washington Parish Sheriff participates in the Louisiana Sheriff's Law Enforcement Program to provide excess liability insurance and law enforcement professional liability insurance. During the year ended June 30, 2010, the Sheriff has paid \$82,241 for automobile coverage and \$98,917 for professional liability coverage. No claims were paid in the last three years that exceeded the policies' coverage amount. There have been no significant

**WASHINGTON PARISH SHERIFF**  
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**Notes to the Financial Statements (continued)**

reductions in the insurance coverage during the year. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Sheriff.

**15. LITIGATION AND CLAIMS**

Legal counsel has advised the Sheriff that the Louisiana Constitution does not allow a person holding a judgment against the Sheriff to levy or collect such judgment against the assets of the Sheriff through judicial action. The Sheriff had no settlement claims during the year ended June 30, 2010.

**16. CONTINGENT LIABILITY**

The Sheriff receives funds from a number of state and federally-assisted grants. Audits of these grants could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. The Sheriff's management believes that the amount of disallowance, if any, which may arise from future audits will not be material.

**17. CHANGES IN AGENCY FUND BALANCES**

A summary of changes in unsettled balances due to taxing bodies and others are as follows:

	Sheriff's Fund	Tax Collector Fund	Sales Tax Collector Fund	Inmate Fund	Other Funds	Total
Balance at 06/30/09	\$109,126	\$ 1,134,355	\$ 1,431,322	\$ 30,492	\$300,759	\$ 3,006,054
Additions	627,717	19,050,532	17,889,285	129,625	150,634	37,847,793
Deductions	580,709	18,375,093	17,561,312	128,158	444,757	37,090,029
Balance at 06/30/10	<u>\$156,134</u>	<u>\$ 1,809,794</u>	<u>\$1,759,295</u>	<u>\$ 31,959</u>	<u>\$ 6,636</u>	<u>\$ 3,763,818</u>

**18. TAXES PAID UNDER PROTEST**

The unsettled balances due to taxing bodies and others at June 30, 2010, include taxes paid under protest, plus interest earned to date on the investment of these funds, totaling \$1,386,886. These monies are held in escrow pending resolution of the protest.



**REQUIRED SUPPLEMENTAL INFORMATION  
PART II**

**WASHINGTON PARISH SHERIFF**  
**Franklinton, Louisiana**  
**Governmental Fund – General Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance- Budget (GAAP Basis) and Actual**  
**For the Year Ended June 30, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Ad valorem taxes	\$1,770,000	\$1,700,000	\$1,634,668	\$ (65,332)
Sales and use taxes	3,444,000	1,647,538	1,759,818	112,280
Vehicle sales tax	333,610	268,000	283,728	15,728
Intergovernmental revenues:				
Grants	686,050	386,050	276,501	(109,549)
State revenue sharing	158,000	134,655	134,654	( 1)
State supplemental pay	300,000	258,000	268,108	10,108
Fees	100,000	111,000	219,169	108,169
Feeding and keeping prisoners	545,000	600,000	585,573	( 14,427)
Commissions	350,000	369,000	492,769	123,769
Other	200,000	260,000	79,420	(180,580)
<b>Total Revenues</b>	<u>7,886,660</u>	<u>5,734,243</u>	<u>5,734,408</u>	<u>165</u>
<b>EXPENDITURES</b>				
Public safety:				
Personal services	4,950,000	3,779,553	4,049,606	(270,053)
Materials and supplies	1,500,000	850,000	796,625	53,375
Feeding and maintain prisoners	430,000	354,000	351,143	2,857
Contractual	120,000	285,980	197,749	88,231
Grant expenses	700,000	386,050	272,413	113,637
Interest expense	5,000	65,000	70,146	( 5,146)
Education expense	46,660	13,660	7,729	5,931
Other	0	0	11,313	( 11,313)
Debt Service	0	0	0	0
Capital Outlay	150,000	15,000	12,829	2,171
<b>Total Expenditures</b>	<u>7,901,660</u>	<u>5,749,243</u>	<u>5,769,553</u>	<u>( 20,310)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	( 15,000)	( 15,000)	( 35,145)	(20,145)
<b>OTHER FINANCING SOURCES</b>				
Sale of fixed assets	15,000	15,000	18,490	3,490
Other financing	<u>0</u>	<u>0</u>	<u>1,000,000</u>	<u>1,000,000</u>
<b>Excess (deficiency) of revenues and other financing sources over expenditures</b>	0	0	983,345	983,345
<b>Fund Balance, Beginning</b>	<u>(175,548)</u>	<u>(175,548)</u>	<u>(175,548)</u>	<u>(175,548)</u>
<b>Fund Balance, Ending</b>	<u>\$ (175,548)</u>	<u>\$ (175,548)</u>	<u>\$ 807,797</u>	<u>\$ 807,797</u>

The accompanying notes are an integral part of this schedule.

**WASHINGTON PARISH SHERIFF**

Franklinton, Louisiana

June 30, 2010

(Unaudited)

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets ( a )	Actuarial Accrued Liability (AAL) - Entry Age ( b )	Unfunded AAL (UAAL) ( b-a )	Funded Ratio ( a/b )	Covered Payroll ( c )	UAAL as a Percentage Of Covered Payroll ( (b-a) /c )
6/30/2009	\$0	\$2,683,562	\$2,683,562	0.00%	\$2,646,958	101.40%

The accompanying notes are an integral part of this schedule.

## **OTHER SUPPLEMENTAL INFORMATION**

**WASHINGTON PARISH SHERIFF**  
Franklinton, Louisiana  
Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2010

	Drug Task Force Fund
<b>ASSETS</b>	
Cash	\$ 20,188
Grant receivables	<u>0</u>
Total Assets	<u>\$ 20,188</u>
 <b>LIABILITIES</b>	
Accounts payable	\$ 2,016
Due to other funds	<u>17,946</u>
Total Liabilities	<u>19,962</u>
 <b>FUND BALANCE</b>	
Unreserved	<u>226</u>
Total Liabilities and Fund Balance	<u>\$ 20,188</u>

The accompanying notes are an integral part of this financial statement.

**WASHINGTON PARISH SHERIFF**  
Franklinton, Louisiana  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2010

	Drug Task Force Fund
<b>REVENUES</b>	
Intergovernmental revenues:	
Federal grants	\$ 3,885
Grantee (Sheriff) match	1,295
Civil and criminal fees	<u>14,870</u>
Total revenues	20,050
<b>EXPENDITURES</b>	
Public safety:	
Personal services	5,180
Materials and supplies	5,795
Other	<u>9,075</u>
Total expenditures	<u>20,050</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	0
<b>Fund balance - beginning</b>	<u>226</u>
<b>Fund balance - ending</b>	<u><u>\$ 226</u></u>

The accompanying notes are an integral part of this financial statement.

**WASHINGTON PARISH SHERIFF**  
Franklinton, Louisiana  
Fiduciary Fund Type – Agency Funds  
For the Year Ended June 30, 2010

**Sheriff's Fund**

The Sheriff's Fund accounts for funds held in civil suits and sheriff's sales.

**Cash Bond & Fines/Licenses Funds**

The Cash Bonds & Fines/Licenses Funds account for collections of bonds, fines, and costs and payment of these collections to the recipients in accordance with applicable laws.

**Tax Collector Fund**

Article V, Section 27 of the Louisiana Constitution of 1974, provides that the Sheriff will serve as the collector of parish taxes and fees. The Tax Collector Fund is used to collect and distribute these taxes and fees to the appropriate taxing bodies.

**Sales Tax Collector Fund**

The Sheriff was selected by the Washington Parish Sales and Use Tax Centralization Commission to collect all sales and use taxes (except auto dealers) in Washington Parish beginning July 1, 1996. This fund accounts for the collection of those taxes and the remittance thereof to the various taxing bodies.

**Inmate Fund**

The Inmate Fund accounts for individual prisoner account balances. Funds are deposited in the name of the prisoner and payable upon request. Balances in the individual prisoner accounts are returned upon completion of their jail sentence.

**WASHINGTON PARISH SHERIFF**  
Franklinton, Louisiana  
Combining Statement of Fiduciary Assets and Liabilities-  
Fiduciary Fund Type – Agency Funds  
June 30, 2010

**ASSETS**

	Sheriff's Fund	Property Tax Collector Fund	Sales Tax Collector Fund	Inmate Fund	Other Funds	Total
Cash	\$136,617	\$1,798,350	\$ 67,431	\$ 31,959	\$ 6,636	\$2,040,993
Accounts receivable	19,517	11,444	1,691,864	0	0	1,722,825
Total assets	<u>\$156,134</u>	<u>\$1,809,794</u>	<u>\$1,759,295</u>	<u>\$ 31,959</u>	<u>\$ 6,636</u>	<u>\$3,763,818</u>

**LIABILITIES**

Held for other taxing bodies	\$ 0	\$ 163,447	\$1,758,678	\$ 0	\$ 0	\$1,922,125
Due to others	16,903	41,511	0	16,040	6,636	81,090
Held for others pending court action	139,231	1,604,836	617	0	0	1,744,684
Held for inmates	0	0	0	15,919	0	15,919
	<u>\$156,134</u>	<u>\$1,809,794</u>	<u>\$ 1,759,295</u>	<u>\$ 31,959</u>	<u>\$ 6,636</u>	<u>\$3,763,818</u>

The accompanying notes are an integral part of this financial statement.



## **OTHER REPORTS**

## ROBERT A. NEILSON

CERTIFIED PUBLIC ACCOUNTANT, L.L.C.

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### REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Robert J. Crowe  
Washington Parish Sheriff  
Franklinton, Louisiana

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Washington Parish Sheriff, as of and for the year ended June 30, 2010, which collectively comprise the Sheriff's basic financial statements and have issued my report thereon dated December 30, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Washington Parish Sheriff's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Washington Parish Sheriff's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Washington Parish Sheriff's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify

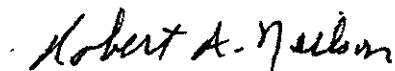
any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Washington Parish Sheriff's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Corrective Action Plan for Current Year Audit Findings as items 2010-1 and 2010-2.

The Washington Parish Sheriff's response to the findings identified in my audit is described in the accompanying Corrective Action Plan for Current Year Audit Findings. I did not audit the Washington Parish Sheriff's response and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of the Washington Parish Sheriff, its management and the Office of the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Certified Public Accountant

Bogalusa, Louisiana  
December 30, 2010

WASHINGTON PARISH SHERIFF  
Franklinton, Louisiana  
Corrective Action Plan for  
Current Year Audit Findings  
For the Year Ended June 30, 2010

**Section I – Internal Control Over Financial Reporting**

None

**Section II – Compliance and Other Matters**

Reference No.  
2010-1

Description of Finding

Annual expenditures report was not submitted. Louisiana R.S. 42:283 requires that all parish sheriffs file an annual report with the parish government and with the clerk of court itemizing expenditures. Louisiana R.S. 42:286 requires that this report is to be filed within thirty days after the close of the fiscal year.

Corrective Action Planned

The annual expenditures report will be filed with Washington Parish Clerk of Court within thirty days of the close of the fiscal year.

Management's Response

Management was unaware of this requirement and this report has not been filed in the past by the Sheriff. Going forward, the Sheriff will file the expenditure report by the filing deadline. Finally, the Sheriff will file the fiscal year ending June 30, 2010 expenditure report with the clerk of court by January 31, 2011.

Reference No.  
2010-2

Description of Finding

Related party transaction disclosure was not timely filed with the ethics board. Louisiana R.S. 42:1114 requires that related party transactions be disclosed to the ethics board by the first day of May following the calendar year in which the transaction occurred.

Corrective Action Planned

Related party transactions will be filed with the ethics board in a timely manner.

Management's Response

Related party transactions were filed with the ethics board in June of 2010.

**WASHINGTON PARISH SHERIFF**  
**Franklinton, Louisiana**  
**Corrective Action Plan for**  
**Current Year Audit Findings**  
**For the Year Ended June 30, 2010**  
**(continued)**

**Section III – Management Letter**  
**None**

WASHINGTON PARISH SHERIFF  
Franklinton, Louisiana  
Summary Schedule of  
Prior Audit Findings  
For the Year Ended June 30, 2010

**Section I – Internal Control Over Financial Reporting**

None

**Section II – Compliance and Other Matters**

Ref. No.- 2009-1

Fiscal year finding initially occurred - 2006

Description of findings – State law (R.S. 39:1311) requires a budget amendment whenever total actual expenditures and other uses plus projected expenditures and other uses exceed budgeted expenditures by five percent or more.

Corrective action taken (yes, no, partially) – Yes

**Section III – Management Letter**

None